

105TH CONGRESS  
2D SESSION

# S. 2215

To provide transitional community employment for unemployed persons, and other individuals in poverty, who live in certain identified communities, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 25, 1998

Mr. WELLSTONE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide transitional community employment for unemployed persons, and other individuals in poverty, who live in certain identified communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Strategic Transitional  
5       Employment Program Act”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

1           (1) CHIEF ELECTED OFFICIAL.—The term  
2           “chief elected official” means—

3                   (A) the chief elected executive officer of  
4           the unit of general local government in a local  
5           area; or

6                   (B) if the local area includes more than 1  
7           unit of general local government, 1 or more  
8           chief elected executive officers, determined in  
9           accordance with the procedure described in sec-  
10          tion 308(d)(1) of Senate Bill 1186, 105th Con-  
11          gress, as reported on October 15, 1997.

12          (2) COMMUNITY.—The term “community”  
13          means 1 or more contiguous census tracts or contig-  
14          uous block numbering areas within a local area.

15          (3) COMMUNITY EMPLOYMENT.—The term  
16          “community employment” means employment de-  
17          scribed in section 213(b).

18          (4) EMPLOYMENT PROGRAM.—The term “em-  
19          ployment program” means a strategic transitional  
20          employment program described in section 101 and  
21          funded under this Act.

22          (5) IDENTIFIED COMMUNITY.—The term “iden-  
23          tified community” means—

1 (A) for purposes of title II, a community  
2 identified by a Governor under section  
3 202(c)(2); and

4 (B) for purposes of title III, a community  
5 identified by a chief elected official under sec-  
6 tion 302(a).

7 (6) INDIAN TRIBE.—The term “Indian tribe”  
8 has the meaning given such term in section 4(e) of  
9 the Indian Self-Determination and Education Assist-  
10 ance Act (25 U.S.C. 450b(e)).

11 (7) LOCAL AREA.—The term “local area”  
12 means a local workforce investment area designated  
13 as described in section 307 of Senate Bill 1186,  
14 105th Congress, as reported on October 15, 1997.

15 (8) NATIVE HAWAIIAN ORGANIZATION.—The  
16 term “Native Hawaiian organization” has the mean-  
17 ing given such term in section 9212(3) of the Native  
18 Hawaiian Education Act (20 U.S.C. 7912(3)).

19 (9) OUTLYING AREA.—The term “outlying  
20 area” means the United States Virgin Islands,  
21 Guam, American Samoa, the Commonwealth of the  
22 Northern Mariana Islands, the Republic of the Mar-  
23 shall Islands, the Federated States of Micronesia,  
24 and the Republic of Palau.

1           (10) POVERTY LINE.—The term “poverty line”  
2       means the poverty line (as defined by the Office of  
3       Management and Budget, and revised annually in  
4       accordance with section 673(2) of the Community  
5       Services Block Grant Act (42 U.S.C. 9902(2))) ap-  
6       plicable to a family of the size involved.

7           (11) SECRETARY.—The term “Secretary”  
8       means the Secretary of Labor.

9           (12) STATE.—The term “State” means each of  
10      the several States of the United States, the District  
11      of Columbia, and the Commonwealth of Puerto Rico.

12          (13) UNEMPLOYED.—The term “unemployed”  
13      means unemployed as defined by the Commissioner  
14      of Labor Statistics.

15          (14) UNIT OF GENERAL LOCAL GOVERN-  
16      MENT.—The term “unit of general local govern-  
17      ment” means any general purpose political subdivi-  
18      sion of a State that has the power to levy taxes and  
19      spend funds, as well as general corporate and police  
20      powers.

21          (15) VETERAN.—The term “veteran” means an  
22      individual who served in the active military, naval, or  
23      air service, and who was discharged or released from  
24      such service under conditions other than dishonor-  
25      able.

1 **TITLE I—GRANTS TO STATES**  
2 **FOR DEVELOPMENT OF EM-**  
3 **PLOYMENT PROGRAMS**

4 **SEC. 101. GRANTS.**

5 (a) IN GENERAL.—From the funds appropriated to  
6 carry out this title for a fiscal year and not reserved under  
7 section 401, the Secretary shall make grants to assist eli-  
8 gible States and outlying areas in developing strategic  
9 transitional employment programs that provide commu-  
10 nity employment, in local areas with identified commu-  
11 nities, in the States and in outlying areas. The Secretary  
12 shall make the grants to pay for the program share of  
13 the cost of the development.

14 (b) LIMITS.—No State or outlying area shall receive  
15 a grant under this section in an amount that exceeds  
16 \$1,000,000. No State or outlying area shall receive more  
17 than 1 grant under this section.

18 (c) PERIOD.—Grants made under this section shall  
19 be made for periods of 1 year.

20 (d) PROGRAM SHARE.—

21 (1) IN GENERAL.—The program share of the  
22 cost of developing employment programs in a State  
23 or outlying area is 66<sup>2</sup>/<sub>3</sub> percent.

24 (2) NON-PROGRAM SHARE.—The non-program  
25 share of the cost may be provided in cash (including

1 funds made available from federally funded pro-  
2 grams, other than programs carried out under this  
3 Act, with a non-Federal share requirement, and in-  
4 cluding funds from State, local, and private sources)  
5 or in kind, fairly evaluated, including plant, equip-  
6 ment, or services.

7 **SEC. 102. APPLICATIONS.**

8 To be eligible to receive a grant under section 101  
9 to develop employment programs under this title, a State  
10 or outlying area shall submit an application to the Sec-  
11 retary at such time, in such manner, and containing such  
12 information as the Secretary may require.

13 **SEC. 103. DEVELOPMENT ACTIVITIES.**

14 A State or outlying area that receives a grant under  
15 section 101 shall use the funds made available through  
16 the grant to develop employment programs by developing  
17 the State plan described in section 202 or the application  
18 described in section 222, as appropriate.

19 **SEC. 104. AUTHORIZATION OF APPROPRIATIONS.**

20 There are authorized to be appropriated to carry out  
21 this title \$50,000,000 for fiscal year 1999 and such sums  
22 as may be necessary for each of fiscal years 2000 through  
23 2002.

1 **TITLE II—GRANTS TO STATES**  
2 **FOR IMPLEMENTATION OF**  
3 **EMPLOYMENT PROGRAMS**  
4 **Subtitle A—State Activities**

5 **SEC. 201. STATE ALLOTMENTS.**

6 (a) IN GENERAL.—From the funds appropriated to  
7 carry out this title for a fiscal year and not reserved under  
8 section 221, 233, or 401, the Secretary shall make allot-  
9 ments under subsection (b) to assist eligible States in  
10 making grants to local areas, in order to implement em-  
11 ployment programs in the States. The Secretary shall  
12 make the allotments to pay for the program share of the  
13 cost of the implementation.

14 (b) STATE ALLOTMENTS.—Of the funds described in  
15 subsection (a), the Secretary shall allot—

16 (1) 50 percent on the basis of the relative num-  
17 ber of unemployed individuals in each State, com-  
18 pared to the total number of unemployed individuals  
19 in all States; and

20 (2) 50 percent on the basis of the relative num-  
21 ber of individuals in poverty in each State, compared  
22 to the total number of individuals in poverty in all  
23 States.

24 (c) ELIGIBILITY.—To be eligible to receive an allot-  
25 ment under this section for a fiscal year, a State shall

1 have received a grant under section 101 for a preceding  
2 fiscal year.

3 (d) REALLOTMENT.—If any part of the funds allotted  
4 under this section to a State for a fiscal year is not distrib-  
5 uted to the State, or used for implementation grants to  
6 local areas under title III, for such fiscal year, any remain-  
7 ing funds from such part shall be reallocated under this  
8 section for such fiscal year to the remaining eligible  
9 States.

10 (e) PROGRAM SHARE.—

11 (1) IN GENERAL.—The program share of the  
12 cost of implementing employment programs in a  
13 State is 66  $\frac{2}{3}$  percent.

14 (2) NON-PROGRAM SHARE.—The non-program  
15 share of the cost may be provided in cash (including  
16 funds made available from federally funded pro-  
17 grams, other than programs carried out under this  
18 Act, with a non-Federal share requirement, and in-  
19 cluding funds from State, local, and private sources)  
20 or in kind, fairly evaluated, including plant, equip-  
21 ment, or services.

22 (f) DEFINITION.—In this section, the term “individ-  
23 ual in poverty” means an individual who received an in-  
24 come, or is a member of a family that received a total



1 family income, for the most recent 12 months, that, in  
 2 relation to family size, does not exceed the poverty line.

3 **SEC. 202. STATE PLANS.**

4 (a) IN GENERAL.—For a State to be eligible to re-  
 5 ceive an allotment under section 201 for the implementa-  
 6 tion of employment programs, the Governor of the State  
 7 shall submit an application to the Secretary at such time,  
 8 in such manner, and containing such information as the  
 9 Secretary may require.

10 (b) CONTENTS.—At a minimum, the application shall  
 11 include a State plan containing—

12 (1) a compilation of the information received by  
 13 the State in approved local plans submitted under  
 14 section 212;

15 (2) information describing and justifying the  
 16 local areas that will receive funds under this title to  
 17 implement employment programs, selected in accord-  
 18 ance with subsection (c); and

19 (3) a certification that the Governor has devel-  
 20 oped the State plan in a manner that will assure  
 21 compliance with the requirements of section 214.

22 (c) SELECTION OF LOCAL AREAS FOR STATE  
 23 PLANS.—

24 (1) SELECTION OF LOCAL AREAS WITH IDENTI-  
 25 FIED COMMUNITIES.—

1 (A) PRIORITY.—In selecting, for purposes  
2 of subsection (b), the local areas of the State to  
3 receive funding to implement an employment  
4 program under this title, the Governor shall  
5 give priority to—

6 (i) local areas with a substantial num-  
7 ber of identified communities, or substan-  
8 tial populations in such communities; and

9 (ii) local areas with identified commu-  
10 nities, for which a chief elected official sub-  
11 mits a plan that proposes—

12 (I) employment projects to be  
13 carried out by public agencies and pri-  
14 vate nonprofit organizations; and

15 (II) employment projects that di-  
16 rectly affect affordable housing,  
17 human services, infrastructure, envi-  
18 ronmental conservation or restoration,  
19 and small business development, in  
20 identified communities.

21 (B) NEED.—In selecting the local areas,  
22 the Governor shall take into consideration the  
23 need of the local areas for the employment to  
24 be provided through the employment programs.

1           (2) IDENTIFICATION OF COMMUNITIES WITHIN  
2       LOCAL AREAS.—To enable the chief elected officials  
3       of the local areas to develop local plans under sec-  
4       tion 212 and to enable the Governor to make the se-  
5       lection described in paragraph (1), the Governor  
6       shall compile data, including information on income  
7       levels, the poverty rate, the unemployment rate, edu-  
8       cation levels, housing values, and the housing owner  
9       occupancy rate in divisions in the local areas. The  
10      Governor shall compile the data from the smallest  
11      geographic divisions that are common to the areas  
12      and for which the data is available. The Governor  
13      shall analyze the data to identify urban and rural  
14      communities in the local area that, collectively, have  
15      high poverty rates and unemployment rates and low  
16      income levels, education levels, housing values, and  
17      housing owner occupancy rates relative to such  
18      rates, levels, and values of the States and counties  
19      in which the communities are located. The Governor  
20      shall distribute the data, and the results of the anal-  
21      ysis, to the chief elected official.

22      (d) DEVELOPMENT PROCESS.—

23           (1) OPINIONS.—In developing the State plan,  
24      the Governor shall—

1 (A) at a minimum, solicit the opinions of  
2 organizations and partnerships in the State  
3 that are responsible for planning, setting policy  
4 for, and administering Federal and State em-  
5 ployment and training programs, including pro-  
6 grams funded through welfare-to-work grants  
7 made under section 403(a)(5) of the Social Se-  
8 curity Act (42 U.S.C. 603(a)(5)) in the State;  
9 and

10 (B) to the extent possible, solicit the opin-  
11 ions of organizations representing or serving in-  
12 dividuals in poverty (as defined in section  
13 201(f)), unemployed individuals, individuals  
14 who are veterans, or individuals with disabilities  
15 (as defined in section 3 of the Americans with  
16 Disabilities Act of 1990 (42 U.S.C. 12102).

17 (2) DEVELOPMENT.—To the extent possible,  
18 the Governor shall arrange for the organizations and  
19 partnerships described in subparagraphs (A) and  
20 (B) of paragraph (1) to develop the State plan, in-  
21 cluding carrying out the responsibilities of the Gov-  
22 ernor under this section.

23 **SEC. 203. STATE ADMINISTRATION.**

24 (a) IN GENERAL.—Except as provided in subsection

25 (b), the Governor shall carry out the administration of the

1 State plan, including providing technical assistance to and  
2 monitoring the activities of chief elected officials in local  
3 areas that receive funds under this title, and conducting  
4 related data collection activities.

5 (b) ORGANIZATIONS AND PARTNERSHIPS.—

6 (1) OPINIONS.—In carrying out the administra-  
7 tion of the State plan, the Governor shall—

8 (A) at a minimum, solicit the opinions of  
9 organizations and partnerships described in sec-  
10 tion 202(d)(1)(A); and

11 (B) to the extent possible, solicit the opin-  
12 ions of organizations described in section  
13 202(d)(1)(B).

14 (2) ADMINISTRATION.—To the extent possible,  
15 the Governor shall arrange for the organizations and  
16 partnerships described in subparagraphs (A) and  
17 (B) of paragraph (1) to carry out the administration  
18 of the State plan.

19 (3) COORDINATION.—The Governor shall en-  
20 sure the coordination of activities to be carried out  
21 under the plan with the employment and training  
22 programs carried out by the organizations and part-  
23 nerships described in paragraph (1)(A) and with  
24 other social services programs.

1 (c) FISCAL AGENT.—The Governor of the State shall  
2 serve as the fiscal agent for the allotment to the State  
3 under section 201.

4 (d) ADMINISTRATIVE EXPENSES.—Not more than 10  
5 percent of the funds made available to a State through  
6 an allotment made under section 201 may be used for the  
7 administration of the State plan.

8 **SEC. 204. STATE REPORTS.**

9 Each Governor of a State receiving funds under this  
10 title to carry out employment programs in the State shall  
11 annually prepare and submit to the Secretary a report  
12 containing—

13 (1) the information received by the State from  
14 local reports submitted under section 217; and

15 (2) information on the costs of the programs to  
16 the State and level of funding provided by the State  
17 for such programs.

18 **Subtitle B—Local Activities**

19 **SEC. 211. LOCAL GRANTS.**

20 A State that receives an allotment under section 201  
21 for a fiscal year shall use the funds made available  
22 through the allotment to make grants to local areas, in  
23 order to implement employment programs.

1 **SEC. 212. LOCAL PLANS.**

2 (a) IN GENERAL.—For a local area to be eligible to  
3 receive a grant under section 211 for an employment pro-  
4 gram, the chief elected official of the local area shall sub-  
5 mit an application to the State at such time, in such man-  
6 ner, and containing such information as the State may  
7 require.

8 (b) CONTENTS.—At a minimum, the application shall  
9 include a local plan containing—

10 (1) information describing and justifying the lo-  
11 cations at which, and the strategy by which, the  
12 chief elected official will provide community employ-  
13 ment positions in the area through the employment  
14 program in the area, determined in accordance with  
15 subsection (c);

16 (2) information describing the community em-  
17 ployment projects to be carried out in the local area  
18 through the employment program, the type of work  
19 to be performed by participants in the projects, the  
20 eligible employers that will carry out the projects,  
21 and the compensation and benefits to be provided to  
22 participants in the projects;

23 (3) information specifying the manner in which  
24 the chief elected official will implement the employ-  
25 ment program, including—

1 (A) the manner in which the official will  
2 link the employment provided through the pro-  
3 gram with—

4 (i) activities that provide training and  
5 skill development;

6 (ii) job readiness activities;

7 (iii) job placement assistance; and

8 (iv) support services;

9 for placement in public or private employment  
10 that is not subsidized with funds made available  
11 under this Act, especially employment in growth  
12 occupations specified by the Secretary and in  
13 occupations with wages above the rates speci-  
14 fied in subclauses (I) and (II) of section  
15 214(a)(1)(A)(ii);

16 (B) the manner in which the official will—

17 (i) ensure that the employment pro-  
18 vided through the program will develop the  
19 skills of and provide work experience to  
20 participants in the program, including par-  
21 ticipants who are ages 16 through 25, and  
22 otherwise prepare the participants in the  
23 program for placement in public or private  
24 employment that is not subsidized with  
25 funds made available under this Act, espe-



1 cially employment in growth occupations  
2 specified by the Secretary and in occupa-  
3 tions with wages above the rates specified  
4 in subclauses (I) and (II) of section  
5 214(a)(1)(A)(ii); and

6 (ii) provide for the generation of par-  
7 ticipant skill development plans, developed  
8 by the employer of the participant and the  
9 participant, setting forth goals and time  
10 frames for the development of skills by  
11 participants during the period of participa-  
12 tion and after such period;

13 (C) the manner in which persons des-  
14 ignated by the official will assess the job readi-  
15 ness and skills of applicants for the projects;

16 (D) the manner in which the employment  
17 provided through the program will increase the  
18 number of positions available to low-skilled  
19 workers, in a local area with a severe shortage  
20 of such positions;

21 (E) the manner in which the official will  
22 coordinate the employment program with other  
23 Federal and State employment and training  
24 programs, including programs funded through  
25 welfare-to-work grants made under section

1           403(a)(5) of the Social Security Act (42 U.S.C.  
 2           603(a)(5)), with programs providing child care  
 3           and transportation services, and with other so-  
 4           cial service programs; and

5           (F) the manner in which the official will  
 6           provide community employment through the  
 7           employment program;

8           (4) an assurance that the official will require  
 9           each employer who seeks to carry out an employ-  
 10          ment project to submit a job description to the offi-  
 11          cial for each position in the project, that includes a  
 12          description of—

13           (A) the tasks to be performed by partici-  
 14          pants in the position; and

15           (B) the training to be provided by the em-  
 16          ployer to participants in the position; and

17          (5) a certification that the official has developed  
 18          the local plan in a manner that will assure compli-  
 19          ance with the requirements of section 214.

20          (c) AREAS.—In determining the locations at which,  
 21          and the strategy by which, the official will provide employ-  
 22          ment positions in the area, the chief elected official shall  
 23          use the data described in section 202(c)(2) and shall con-  
 24          sider information supplied by public agencies and commu-  
 25          nity-based organizations in the local area.

1 (d) DEVELOPMENT PROCESS.—

2 (1) IN GENERAL.—

3 (A) OPINIONS.—In developing the local  
4 plan, the chief elected official shall, at a mini-  
5 mum, solicit the opinions of organizations and  
6 partnerships in the local area that are respon-  
7 sible for planning, setting policy for, and ad-  
8 ministering employment and training programs  
9 described in section 202(d)(1)(A) in the local  
10 area.

11 (B) DEVELOPMENT.—To the extent pos-  
12 sible, the chief elected official shall arrange for  
13 the organizations and partnerships described in  
14 subparagraph (A) to develop the local plan, in-  
15 cluding carrying out the responsibilities of the  
16 chief elected official under this section.

17 (2) SPECIFIC INVOLVEMENT.—At a minimum,  
18 representatives of community-based organizations,  
19 organizations serving victims of domestic violence,  
20 labor organizations, private employers, organizations  
21 described in section 202(d)(1)(B), and residents of  
22 the local area shall assist in the development of the  
23 plan, especially the selection of the employment  
24 projects and employers described in subsection  
25 (b)(2), the determination of the compensation and

1        benefits described in subsection (b)(2), and the ef-  
 2        forts to make the certification described in sub-  
 3        section (b)(5). In addition, in any case in which a  
 4        labor organization represents a substantial number  
 5        of employees who are engaged in work or training,  
 6        in the local area, similar to the activities proposed  
 7        to be carried out under the local plan, the chief  
 8        elected official shall provide an opportunity for the  
 9        organization to submit comments with respect to the  
 10       local plan.

11 **SEC. 213. IMPLEMENTATION ACTIVITIES.**

12        (a) IN GENERAL.—A local area that receives a grant  
 13        under section 211 shall use the funds made available  
 14        through the grant to implement an employment program  
 15        that provides community employment with eligible employ-  
 16        ers to eligible individuals in accordance with this title.

17        (b) COMMUNITY EMPLOYMENT.—

18            (1) IN GENERAL.—Community employment  
 19        funded under this title in a community shall consist  
 20        of entry-level employment that the chief elected offi-  
 21        cial in the local area, after consultation with rep-  
 22        resentatives of organizations in the local area, deter-  
 23        mines to meet the skills and needs of eligible individ-  
 24        uals in the identified communities in the local area  
 25        and the needs of the local area for affordable hous-

1       ing, human services, infrastructure, environmental  
2       conservation or restoration, and small business de-  
3       velopment. Such community employment may in-  
4       clude employment related to provision of directory  
5       assistance services, recreational equipment design  
6       and construction, removal of lead paint or asbestos,  
7       renovation of schools and community centers, provi-  
8       sion of after-school and summer recreational pro-  
9       grams, provision of child care and home health care  
10      services, provision of elder care, provision of teacher  
11      aide services, construction and renovation of afford-  
12      able housing, and community crime prevention.

13           (2) TRAINING AND EDUCATION PROGRAMS AND  
14      JOB SEARCH ACTIVITIES.—Community employment  
15      funded under this title may, at the election of the  
16      chief local official, include participation in training  
17      and education programs (such as functional context  
18      education programs, vocational training programs,  
19      and secondary or postsecondary education programs)  
20      for not more than 10 hours per week per partici-  
21      pant. Community employment funded under this  
22      title shall include participation in structured job  
23      search activities in accordance with such standards  
24      as the chief elected official shall specify. Participants  
25      shall be paid for participation in the training and

1 education programs and job search activities in ac-  
2 cordance with section 214.

3 (3) REQUIREMENTS AND RESTRICTIONS.—The  
4 community employment will be provided in accord-  
5 ance with the requirements and restrictions specified  
6 in section 214 and 215.

7 (4) LENGTH OF EMPLOYMENT.—

8 (A) IN GENERAL.—Except as provided in  
9 subparagraph (B), an employer shall provide  
10 employment to a participant in an employment  
11 program for not more than a 12-month period.

12 (B) ADDITIONAL TERM.—A chief elected  
13 official for a local area involved in an employ-  
14 ment program carried out under this title may  
15 submit a request to the Secretary for a waiver  
16 of the limit specified in subparagraph (A), on  
17 behalf of the employers involved in the program  
18 in the local area. The official shall specify, in  
19 the request, the criteria the employers will use  
20 to determine whether to provide employment to  
21 a participant for more than 12 months and  
22 shall provide a justification for the waiver based  
23 on information collected by the official from the  
24 employers. The Secretary may waive the limit  
25 for not more than an additional 12-month pe-

1           riod, and for not more than 20 percent of the  
2           participants in the program.

3           (c) ELIGIBLE EMPLOYERS.—To be eligible to be an  
4   employer in an employment program, an entity shall be  
5   an agency of a unit of general local government, a non-  
6   profit private organization, or another private organiza-  
7   tion.

8           (d) ELIGIBLE INDIVIDUALS.—

9           (1) MINIMUM ELIGIBILITY REQUIREMENTS.—  
10   To be eligible to be selected to be a participant in  
11   the employment program, an individual shall be a  
12   person who—

13           (A) has been unemployed for a period of  
14           not less than 15 weeks or is receiving assistance  
15           under a State program funded under part A of  
16           title IV of the Social Security Act (42 U.S.C.  
17           601 et seq.);

18           (B) is an individual who received an in-  
19           come, or is a member of a family that received  
20           a total family income that, in relation to family  
21           size, does not exceed the poverty line;

22           (C) resides in an identified community;

23           (D) has engaged in structured job search  
24           activities for not less than 4 weeks; and

1 (E) meets such skill requirements for the  
2 position involved as the chief elected official in  
3 the local area shall prescribe.

4 (2) PRIORITIES.—In determining which of the  
5 eligible individuals described in paragraph (1) shall  
6 be selected to participate in an employment pro-  
7 gram, the chief elected official shall give priority to  
8 veterans.

9 (3) CONTINUED ELIGIBILITY.—To remain eligi-  
10 ble to participate in the employment program, a par-  
11 ticipant shall participate in structured job search ac-  
12 tivities in accordance with such standards as the  
13 chief elected official shall specify.

14 (e) NONDUPLICATION.—

15 (1) IN GENERAL.—Assistance provided under  
16 this title shall be used only for an employment pro-  
17 gram that is in addition to activities otherwise avail-  
18 able in the local area of such program.

19 (2) PRIVATE ENTITY.—Assistance made avail-  
20 able under this title shall not be provided to a pri-  
21 vate entity to conduct activities that are the same as  
22 or substantially equivalent to activities provided by  
23 a State or local government agency that serves the  
24 area that such entity resides in, unless the require-  
25 ments of section 214(b) are met.



1 **SEC. 214. REQUIREMENTS AND RESTRICTIONS.**

2 (a) BENEFITS.—

3 (1) WAGES.—

4 (A) IN GENERAL.—

5 (i) RATE OF COMPENSATION.—Indi-  
6 viduals participating in community employ-  
7 ment in a program carried out under this  
8 title shall be compensated at the same  
9 rates as similarly situated employees, as  
10 determined by the Secretary, and in ac-  
11 cordance with applicable law.

12 (ii) MINIMUM RATE.—The rate of  
13 compensation provided by an employer for  
14 an individual under clause (i) shall not be  
15 less than the highest of—

16 (I) the rate specified in section  
17 6(a)(1) of the Fair Labor Standards  
18 Act of 1938 (29 U.S.C. 206(a)(1));

19 (II) the rate specified in applica-  
20 ble State or local minimum wage law;

21 (III) the prevailing rate of pay  
22 for individuals employed in similar oc-  
23 cupations, as determined by the Sec-  
24 retary, by the same employer; and

25 (IV) an hourly rate, calculated as  
26 the rate that would enable a partici-

1                   pant to earn 100 percent of the pov-  
2                   erty line for a family of 3 if the par-  
3                   ticipant were to perform 40 hours per  
4                   week of work in the program, for a  
5                   full year.

6                   (B) CONSTRUCTION.—The reference in  
7                   subparagraph (A)(ii)(I) to section 6(a)(1) of the  
8                   Fair Labor Standards Act of 1938—

9                   (i) shall be deemed to be a reference  
10                  to section 6(c) of that Act (29 U.S.C.  
11                  206(c)) for individuals in the Common-  
12                  wealth of Puerto Rico;

13                  (ii) shall be deemed to be a reference  
14                  to section 6(a)(3) (29 U.S.C. 206(a)(3)) of  
15                  that Act for individuals in American  
16                  Samoa (for purposes of subtitle C, if sub-  
17                  paragraph (A) applies under that subtitle);  
18                  and

19                  (iii) shall not be applicable for individ-  
20                  uals in other territorial jurisdictions in  
21                  which section 6 of the Fair Labor Stand-  
22                  ards Act of 1938 (29 U.S.C. 206) does not  
23                  apply (for purposes of subtitle C, if sub-  
24                  paragraph (A) applies under that subtitle).

25                  (2) BENEFITS.—

(A) HEALTH INSURANCE.—

(i) IN GENERAL.—A State involved in an employment program carried out under this title shall ensure the provision of a basic health care policy for each participant who is employed through the program, if the participant is not otherwise covered by a health care policy. The State may retain funds from a grant to a local area under section 211 to ensure the provision of such policies for such participants in an employment program in the local area. The Secretary shall establish minimum standards that all plans shall meet in order to qualify for payment under this title, any circumstances in which an alternative health care policy may be substituted for the basic health care policy, and mechanisms to prohibit a participant from dropping existing coverage (in existence on the date the participant first applies for the program).

(ii) OPTION.—A State involved in an employment program carried out under this title may elect to provide from its own

1 funds a health care policy for participants  
2 that does not meet all of the standards es-  
3 tablished by the Secretary if the fair mar-  
4 ket value of such policy is equal to or  
5 greater than the fair market value of a  
6 plan that meets the minimum standards  
7 established by the Secretary, and is con-  
8 sistent with other applicable laws.

9 (B) COVERAGE OF CERTAIN EMPLOYMENT-  
10 RELATED TAXES.—To the extent an employer  
11 involved in an employment program carried out  
12 under this title is subject to the taxes imposed  
13 on an employer under sections 3111 and 3301  
14 of the Internal Revenue Code of 1986, and  
15 taxes imposed on an employer under a work-  
16 men’s compensation act, for a participant, the  
17 assistance provided to an employer for the par-  
18 ticipant under the program shall include an  
19 amount equal to the amount of such taxes. For  
20 purposes of section 3309(b)(5) of the Internal  
21 Revenue Code of 1986, employment programs  
22 carried out under this title shall not be consid-  
23 ered to be programs described in such section,  
24 and participants in employment programs car-

ried out under this title shall not be considered  
to be individuals described in such section.

(C) NO CONTRIBUTIONS TO RETIREMENT  
SYSTEMS OR PLANS.—None of the funds made  
available under this title may be used by an em-  
ployer to make a contribution on behalf of any  
participant to a private retirement system or  
plan.

(3) TREATMENT OF ALLOWANCES, EARNINGS,  
AND PAYMENTS TO PARTICIPANTS.—

(A) IN GENERAL.—Notwithstanding any  
provision of the Internal Revenue Code of 1986,  
for purposes of such Code, including section 32  
(relating to earned income credits) and subtitle  
C (relating to employment taxes), allowances,  
earnings, and payments to individuals partici-  
pating in programs carried out under this title  
shall be includable in the gross income of indi-  
viduals as wages.

(B) TREATMENT FOR EMPLOYMENT AND  
TRAINING PROGRAMS.—Such allowances, earn-  
ings, and payments shall not be considered to  
be income for the purposes of determining eligi-  
bility for, and the amount of assistance fur-  
nished under, the Job Training Partnership Act

1 (29 U.S.C. 1501 et seq.) or successor legisla-  
 2 tion.

3 (4) DENIAL OF DEDUCTIONS AND CREDITS TO  
 4 EMPLOYERS.—For purposes of the Internal Revenue  
 5 Code of 1986, no deduction or credit under such  
 6 Code shall be allowed with respect to trade or busi-  
 7 ness expenses paid from or reimbursed by funds pro-  
 8 vided under this title.

9 (b) LABOR STANDARDS.—

10 (1) DISPLACEMENT.—

11 (A) PROHIBITION.—A participant in a pro-  
 12 gram authorized under this title (referred to in  
 13 this subsection as a “specified activity”) shall  
 14 not displace (including a partial displacement,  
 15 such as a reduction in the hours of nonovertime  
 16 work, wages, or employment benefits) any em-  
 17 ployed employee.

18 (B) PROHIBITION ON IMPAIRMENT OF  
 19 CONTRACTS.—A specified activity shall not im-  
 20 pair an existing contract for services or collec-  
 21 tive bargaining agreement, and no such activity  
 22 that would be inconsistent with the terms of a  
 23 collective bargaining agreement shall be under-  
 24 taken without the written concurrence of the  
 25 labor organization and employer concerned.

1           (2) OTHER PROHIBITIONS.—

2           (A) IN GENERAL.—A participant in a spec-  
3           ified activity shall not be employed in a job—

4                   (i) when any other individual is on  
5                   layoff from the same or any substantially  
6                   equivalent job with the participating em-  
7                   ployer;

8                   (ii) when the employer has terminated  
9                   the employment of any regular employee or  
10                  otherwise reduced the workforce of the em-  
11                  ployer with the effect of filling the vacancy  
12                  so created with the participant;

13                  (iii) when any other individual is on  
14                  leave from, has recall rights pursuant to a  
15                  collective bargaining agreement or applica-  
16                  ble personnel procedures to, or is subject  
17                  to a reduction in force relating to, the  
18                  same or any substantially equivalent job,  
19                  with the participating employer;

20                  (iv) when any other employee is on  
21                  strike or is being locked out with respect  
22                  to the same or any substantially equivalent  
23                  job with the participating employer;

24                  (v) that is created in a promotional  
25                  line that will infringe in any way on the

1 promotional opportunities of employed in-  
2 dividuals; or

3 (vi) if the job position is vacant and  
4 was previously held by an employee whose  
5 wages and benefits were not subsidized  
6 under this Act.

7 (B) CONCURRENCE.—Before an employer  
8 employs a participant described in subpara-  
9 graph (A) in a job that is the same or substan-  
10 tially equivalent to a job held by other employ-  
11 ees of the employer, the employer shall obtain  
12 the written concurrence of the local labor orga-  
13 nization, if any, representing the employees.

14 (3) HEALTH AND SAFETY.—Health and safety  
15 standards established under Federal and State law,  
16 including the Occupational Safety and Health Act of  
17 1970 (29 U.S.C. 651 et seq.), otherwise applicable  
18 to working conditions of employees shall be equally  
19 applicable to working conditions of participants en-  
20 gaged in specified activities. With respect to any  
21 participant who is engaged in activities that are not  
22 covered by health and safety standards under the  
23 Occupational Safety and Health Act of 1970, the  
24 Secretary shall prescribe, by regulation, such stand-  
25 ards as may be necessary to protect the health and



1 safety of such participant. To the extent that a  
 2 State workers' compensation law applies, workers'  
 3 compensation shall be provided to participants on  
 4 the same basis as the compensation is provided to  
 5 other individuals in the State in similar employment.  
 6 To the extent that such law is not applicable, each  
 7 employer receiving funds under this title shall secure  
 8 insurance coverage for injuries suffered by such par-  
 9 ticipants as a result of the participation, in accord-  
 10 ance with regulations prescribed by the Secretary.

11 (4) EMPLOYMENT CONDITIONS.—Individuals  
 12 participating in programs carried out under this  
 13 title, shall be provided equipment, supplies, family  
 14 and medical leave, work space, and other working  
 15 conditions at the same level and to the same extent  
 16 as other trainees or employees working a similar  
 17 length of time and doing the same type of work.

18 (5) OTHER LABOR PROTECTIONS.—Standards  
 19 established under the Fair Labor Standards Act of  
 20 1938 (29 U.S.C. 201 et seq.), the National Labor  
 21 Relations Act (29 U.S.C. 151 et seq.), the Act of  
 22 March 3, 1931 (commonly known as the “Davis-  
 23 Bacon Act”) (46 Stat. 1494; chap. 411; 40 U.S.C.  
 24 276a et seq.), the Service Contract Act of 1965 (41  
 25 U.S.C. 351 et seq.), and State labor and employ-

1        ment laws (as defined by the appropriate State  
 2        agency), otherwise applicable to working conditions  
 3        of employees shall be equally applicable to working  
 4        conditions of participants engaged in specified activi-  
 5        ties. Participants in employment programs carried  
 6        out under this title shall be considered to be employ-  
 7        ees, and the employers of the participant shall be  
 8        considered to be employers, for purposes of the Fair  
 9        Labor Standards Act of 1938 (29 U.S.C. 201 et  
 10       seq.).

11            (6) HEARINGS AND OPPORTUNITY TO SUBMIT  
 12        COMMENTS.—Interested members of the public shall  
 13        be provided an opportunity for a public hearing on  
 14        a State plan submitted under section 202, and an  
 15        opportunity to submit comments to the State with  
 16        respect to programs described in the State plan and  
 17        proposed to be funded under this title. The opportu-  
 18        nities for a public hearing and for the submission of  
 19        comments shall be provided in accordance with such  
 20        procedures as the Secretary shall specify.

21        (c) GRIEVANCE PROCEDURE.—

22            (1) IN GENERAL.—An employer receiving as-  
 23        sistance under this title shall establish and maintain  
 24        a procedure for the filing and adjudication of griev-  
 25        ances or complaints alleging violations of the re-

1       quirements of this title (except as otherwise provided  
2       in section 215) from participants, labor organiza-  
3       tions, and other interested parties. The procedures  
4       shall provide that a hearing on such a grievance or  
5       complaint shall be conducted not later than 30 days  
6       after the date of the filing of the grievance or com-  
7       plaint and that a decision shall be made concerning  
8       the grievance or complaint not later 60 days after  
9       the date of filing. Except for complaints alleging  
10      fraud or criminal activity, no grievance or complaint  
11      may be filed under this paragraph later than 1 year  
12      after the date of the alleged violation.

13               (2) INVESTIGATION.—

14               (A) IN GENERAL.—The Secretary shall in-  
15      vestigate an allegation of a violation described  
16      in paragraph (1) if—

17               (i) a decision relating to such violation  
18              has not been reached within 60 days after  
19              the date of the filing of the grievance or  
20              complaint and either party appeals the de-  
21              cision to the Secretary; or

22               (ii) a decision relating to such viola-  
23              tion has been reached within 60 days after  
24              the date of the filing and the party to

1           which such decision is adverse appeals the  
2           decision to the Secretary.

3           (B) ADDITIONAL REQUIREMENT.—The  
4           Secretary shall make a final determination re-  
5           lating to an appeal made under subparagraph  
6           (A) no later than 120 days after the date of  
7           such appeal.

8           (C) SECRETARIAL AUTHORITY.—The Sec-  
9           retary may also investigate a violation described  
10          in paragraph (1) in accordance with section  
11          231.

12          (3) REMEDIES.—Remedies that may be im-  
13          posed under this subsection for a violation of any re-  
14          quirement of this title (except as otherwise provided  
15          in section 215) shall be limited—

16                (A) to suspension or termination of pay-  
17                ments under this title to a person that has vio-  
18                lated any such requirement of this title;

19                (B) to prohibition of placement of a partic-  
20                ipant with an employer that has violated any  
21                such requirement of this title;

22                (C) where applicable, to reinstatement of  
23                an employee, payment of lost wages and bene-  
24                fits, and reestablishment of other relevant

1 terms, conditions, and privileges of employment;  
2 and

3 (D) where appropriate, to other equitable  
4 relief.

5 (4) CONSTRUCTION.—Nothing in paragraph (3)  
6 shall be construed to prohibit a grievant or com-  
7 plainant from pursuing a remedy authorized under  
8 another Federal, State, or local law for a violation  
9 of this title.

10 (d) RELOCATION.—

11 (1) PROHIBITION ON USE OF FUNDS TO EN-  
12 COURAGE OR INDUCE RELOCATION.—No funds pro-  
13 vided under this title shall be used, or proposed for  
14 use, to encourage or induce the relocation of a busi-  
15 ness or part of a business if such relocation would  
16 result in a loss of employment for any employee of  
17 such business at the original location and such origi-  
18 nal location is within the United States.

19 (2) PROHIBITION ON USE OF FUNDS FOR CUS-  
20 TOMIZED OR SKILL TRAINING AND RELATED ACTIVI-  
21 TIES AFTER RELOCATION.—No funds provided  
22 under this title shall be used for customized or skill  
23 training, on-the-job training, or company-specific as-  
24 sessments of job applicants or employees for any  
25 business or part of a business that has relocated,

1       until the date that is 120 days after the date on  
2       which such business commences operations at the  
3       new location, if the relocation of such business or  
4       part of a business results in a loss of employment  
5       for any employee of such business at the original lo-  
6       cation and such original location is within the  
7       United States.

8               (3) REPAYMENT.—If the Secretary determines  
9       that a violation of paragraph (1) or (2) has oc-  
10      curred, the Secretary shall require the State that  
11      has violated such paragraph to repay to the United  
12      States an amount equal to the amount expended in  
13      violation of such paragraph.

14      (e) LIMITATION ON USE OF FUNDS.—No funds pro-  
15      vided under this title shall be used for activities for—

16              (1) the capitalization of businesses (except as  
17      provided in section 501) investment in contract bid-  
18      ding resource centers, or similar activities;

19              (2) any partisan political activities associated  
20      with a political party or association, or the campaign  
21      of any candidate for public or party office;

22              (3) foreign travel; or

23              (4) the promotion or deterrence of union orga-  
24      nizing.

1 (f) TREATMENT OF PARTICIPATION.—Notwithstand-  
 2 ing any other provision of law, no individual may be re-  
 3 quired to participate in an employment program carried  
 4 out under this title as a condition of receiving any benefit  
 5 under any Federal or State law.

6 (g) NOTIFICATION AND PROVISION OF INFORMATION  
 7 ON WORKER RIGHTS.—Each employer carrying out an  
 8 employment project under this title shall provide to par-  
 9 ticipants in the project notification regarding, and infor-  
 10 mation on, worker rights, including rights under this sec-  
 11 tion and section 215, and any eligibility for earned income  
 12 tax credits under the Internal Revenue Code of 1986 or  
 13 applicable State law.

14 **SEC. 215. NONDISCRIMINATION.**

15 (a) PROHIBITED DISCRIMINATION.—

16 (1) PROHIBITION ON DISCRIMINATION IN FED-  
 17 ERAL PROGRAMS AND ACTIVITIES.—For the purpose  
 18 of applying the prohibitions against discrimination  
 19 on the basis of age under the Age Discrimination  
 20 Act of 1975 (42 U.S.C. 6101 et seq.), on the basis  
 21 of disability under section 504 of the Rehabilitation  
 22 Act of 1973 (29 U.S.C. 794), on the basis of sex  
 23 under title IX of the Education Amendments of  
 24 1972 (20 U.S.C. 1681 et seq.), or on the basis of  
 25 race, color, or national origin under title VI of the

1 Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.),  
 2 programs funded in whole or in part under this title  
 3 shall be considered to be programs and activities re-  
 4 ceiving Federal financial assistance, and education  
 5 programs and activities receiving Federal financial  
 6 assistance. For the purpose of applying the provi-  
 7 sions of title II of the Americans with Disabilities  
 8 Act of 1990 (42 U.S.C. 12131 et seq.) programs  
 9 funded, in whole or in part, under this title shall  
 10 be considered to be the services, programs, or activi-  
 11 ties of a public entity, and each recipient or provider  
 12 of Federal financial assistance involved in the pro-  
 13 grams shall be considered to be a public entity.

14 (2) PROHIBITION OF DISCRIMINATION REGARD-  
 15 ING PARTICIPATION, BENEFITS, AND EMPLOY-  
 16 MENT.—No individual shall be excluded from par-  
 17 ticipation in, denied the benefits of, subjected to dis-  
 18 crimination under, or denied employment in the ad-  
 19 ministration of or in connection with, any program  
 20 funded in whole or in part under this title because  
 21 of race, color, religion, sex, national origin, age, dis-  
 22 ability, or political affiliation or belief.

23 (3) PROHIBITION ON ASSISTANCE FOR FACILI-  
 24 TIES FOR SECTARIAN INSTRUCTION OR RELIGIOUS  
 25 WORSHIP.—Participants shall not be employed under



1       this title to carry out the construction, operation, or  
2       maintenance of any part of any facility that is used  
3       or to be used for sectarian instruction or as a place  
4       for religious worship.

5               (4) PROHIBITION ON DISCRIMINATION ON BASIS  
6       OF PARTICIPANT STATUS.—No person may discrimi-  
7       nate against an individual who is a participant in a  
8       program or activity that receives funds under this  
9       title, with respect to the terms and conditions affect-  
10      ing, or rights provided to, the individual, solely be-  
11      cause of the status of the individual as a participant,  
12      in carrying out any endeavor that involves—

13               (A) participants in programs that receive  
14              funding under this title; and

15               (B) persons who receive no assistance  
16              under this title.

17               (5) PROHIBITION ON DISCRIMINATION AGAINST  
18      CERTAIN NONCITIZENS.—Participation in programs  
19      receiving funds under this title shall be available to  
20      citizens and nationals of the United States, lawfully  
21      admitted permanent resident aliens, refugees,  
22      asylees, and parolees, other aliens lawfully present in  
23      the United States, and other individuals authorized  
24      by the Attorney General to work in the United  
25      States.

1       (b) ACTION OF SECRETARY.—Whenever the Sec-  
2 retary finds (in response to a complaint filed with the Sec-  
3 retary by a participant or on the initiative of the Sec-  
4 retary) that a State or other recipient of funds under this  
5 title has failed to comply with a provision of law referred  
6 to in subsection (a)(1), or with paragraph (2), (3), (4),  
7 or (5) of subsection (a), including an applicable regulation  
8 prescribed to carry out such provision or paragraph, the  
9 Secretary shall notify such State or recipient and shall re-  
10 quest that the State or recipient comply. If within a rea-  
11 sonable period of time, not to exceed 60 days, the State  
12 or recipient fails or refuses to comply, the Secretary  
13 may—

14           (1) refer the matter to the Attorney General  
15       with a recommendation that an appropriate civil ac-  
16       tion be instituted;

17           (2) exercise the powers and functions provided  
18       to the head of a Federal department or agency  
19       under the Age Discrimination Act of 1975, title V  
20       of the Rehabilitation Act of 1973 (29 U.S.C. 791 et  
21       seq.), title IX of the Education Amendments of  
22       1972, or title VI of the Civil Rights Act of 1964, as  
23       may be applicable; or

24           (3) take such other action as may be provided  
25       by law.

1       (c) ACTION OF ATTORNEY GENERAL.—When a mat-  
 2 ter is referred to the Attorney General pursuant to sub-  
 3 section (b)(1), or whenever the Attorney General has rea-  
 4 son to believe that a State or other recipient of funds  
 5 under this title is engaged in a pattern or practice of dis-  
 6 crimination in violation of a provision of law referred to  
 7 in subsection (a)(1) or in violation of paragraph (2), (3),  
 8 (4), or (5) of subsection (a), the Attorney General may  
 9 bring a civil action in any appropriate district court of the  
 10 United States for such relief as may be appropriate, in-  
 11 cluding injunctive relief.

12       (d) PARTICIPANTS.—For purposes of this section,  
 13 participants in employment programs shall be considered  
 14 as the ultimate beneficiaries of an education program or  
 15 activity receiving Federal financial assistance.

16 **SEC. 216. LOCAL ADMINISTRATION.**

17       (a) IN GENERAL.—Except as provided in subsection  
 18 (b), the chief elected official shall carry out the adminis-  
 19 tration of the local plan.

20       (b) ORGANIZATIONS AND PARTNERSHIPS.—

21               (1) OPINIONS.—In carrying out the administra-  
 22 tion of the local plan, the official shall—

23                       (A) at a minimum, solicit the opinions of  
 24 organizations and partnerships in the local area  
 25 that are responsible for planning, setting policy

1           for, and administering employment and training  
2           programs described in section 202(d)(1)(A) in  
3           the local area; and

4                   (B) to the extent possible, solicit the opin-  
5           ions of organizations described in section  
6           202(d)(1)(B).

7           (2) ADMINISTRATION.—To the extent possible,  
8           the official shall arrange for the organizations and  
9           partnerships described in subparagraphs (A) and  
10          (B) of paragraph (1) to carry out the administration  
11          of the local plan.

12          (3) COORDINATION.—The official shall ensure  
13          the coordination of activities to be carried out under  
14          the plan with the employment and training programs  
15          carried out by the organizations and partnerships  
16          described in paragraph (1)(A) and with other social  
17          service programs.

18          (c) FISCAL AGENT.—The chief elected official shall  
19          serve as the fiscal agent for the funds made available to  
20          the local area under this title.

21          (d) ADMINISTRATIVE EXPENSES.—Not more than 15  
22          percent of the funds made available to a local area through  
23          a grant made under section 211 may be used for the ad-  
24          ministration of the local plan.

1 **SEC. 217. LOCAL REPORTS.**

2 Each chief elected official in a local area receiving  
3 funds under this title to carry out an employment program  
4 shall annually prepare and submit to the State a report  
5 containing information on—

6 (1) the number of participants in the program;

7 (2) the number of positions created for the pro-  
8 gram;

9 (3) the type of work performed by the partici-  
10 pants;

11 (4) the number and type of employers carrying  
12 out employment projects through the program;

13 (5) the wages and benefits provided to the par-  
14 ticipants;

15 (6) the costs of the program to the local areas;

16 (7) the employment status (including placement  
17 in public or private employment that is not sub-  
18 sidized with funds made available under this Act)  
19 and wages (during the year for which the report is  
20 prepared) of former participants in the program, for  
21 the 5 years after the participants end their partici-  
22 pation in the program;

23 (8) the impact of the employment positions in  
24 the employment projects on the identified commu-  
25 nities in the local area; and

1 (9) the extent to which, and the manner in  
 2 which, the official has ensured the coordination de-  
 3 scribed in section 216(b).

## 4 **Subtitle C—Activities in Outlying** 5 **Areas**

### 6 **SEC. 221. GRANTS.**

7 From the funds appropriated to carry out this title  
 8 for a fiscal year, the Secretary shall reserve not more than  
 9  $\frac{1}{4}$  of 1 percent to make grants to eligible outlying areas  
 10 in order to implement employment programs in the outly-  
 11 ing areas.

### 12 **SEC. 222. APPLICATION.**

13 To be eligible to receive a grant under section 221,  
 14 an outlying area shall submit an application to the Sec-  
 15 retary at such time, in such manner, and containing such  
 16 information and assurances as the Secretary may require.

### 17 **SEC. 223. REGULATIONS.**

18 The Secretary shall issue regulations specifying re-  
 19 quirements of this title that apply to outlying areas receiv-  
 20 ing funds under section 221.

## 21 **Subtitle D—General Provisions**

### 22 **SEC. 231. MONITORING.**

23 (a) IN GENERAL.—The Secretary is authorized to  
 24 monitor all recipients of financial assistance under this  
 25 title to determine whether the recipients are complying

1 with the provisions of this title, including the regulations  
2 issued under this title.

3 (b) INVESTIGATIONS.—The Secretary may inves-  
4 tigate any matter the Secretary determines to be necessary  
5 to determine the compliance of the recipients with this  
6 title, including the regulations issued under this title. The  
7 investigations authorized by this subsection may include  
8 examining records (including making certified copies of  
9 the records), questioning employees and participants, and  
10 entering any premises or onto any site in which any part  
11 of an employment program of such a recipient is con-  
12 ducted or in which any of the records of the recipient are  
13 kept.

14 (c) WITNESSES AND PRODUCTION.—For the purpose  
15 of any investigation or hearing conducted under this title  
16 by the Secretary, the provisions of section 9 of the Federal  
17 Trade Commission Act (15 U.S.C. 49) (relating to the at-  
18 tendance of witnesses and the production of documents)  
19 apply to the Secretary, in the same manner and to the  
20 same extent as the provisions apply to the Federal Trade  
21 Commission.

22 **SEC. 232. REPORT TO CONGRESS.**

23 The Secretary shall prepare and submit to Congress  
24 a report containing—

1 (1) the information received by the Secretary  
 2 from State reports submitted under section 204; and

3 (2) information on the costs of the programs to  
 4 the Federal Government and level of funding pro-  
 5 vided by the Federal Government for such programs.

6 **SEC. 233. FEDERAL ADMINISTRATION.**

7 From the amounts appropriated under section 234  
 8 for a fiscal year, the Secretary may reserve not more than  
 9 10 percent for the administration of this title.

10 **SEC. 234. AUTHORIZATION OF APPROPRIATIONS.**

11 There are authorized to be appropriated to carry out  
 12 this title, \$2,300,000,000 for fiscal year 2000,  
 13 \$6,800,000,000 for fiscal year 2001, and  
 14 \$11,300,000,000 for fiscal year 2002.

15 **TITLE III—FEDERAL GRANTS TO**  
 16 **LOCAL AREAS FOR IMPLE-**  
 17 **MENTATION OF EMPLOY-**  
 18 **MENT PROGRAMS**

19 **SEC. 301. GRANTS**

20 (a) FUNDS.—If the funds allotted under section 201  
 21 to a State for a fiscal year are not distributed to the State  
 22 for such fiscal year, the Secretary—

23 (1) shall first use the funds for implementation  
 24 grants to local areas in the State in accordance with  
 25 this title; and



1           (2) shall reallocate any remaining funds to remain-  
2           ing eligible States in accordance with section 201(d).

3           (b) GRANTS.—Using the funds described in sub-  
4           section (a), the Secretary may provide implementation  
5           grants, on a competitive basis, directly to local areas in  
6           States described in subsection (c), in such amounts as the  
7           Secretary may determine to be necessary, to implement  
8           employment programs in the local areas. The Secretary  
9           shall make the grants to pay for the program share of  
10          the cost of the implementation.

11          (c) ELIGIBILITY.—To be eligible to receive a grant  
12          under this section for a fiscal year, a local area shall be  
13          located in a State for which the Secretary has not ap-  
14          proved an application under section 202 for the fiscal year.

15          (d) PROGRAM SHARE.—

16           (1) IN GENERAL.—The program share of the  
17           cost of implementing an employment program in a  
18           local area is 66  $\frac{2}{3}$  percent.

19           (2) NON-PROGRAM SHARE.—The non-program  
20           share of the cost may be provided in cash (including  
21           funds made available from federally funded pro-  
22           grams, other than programs carried out under this  
23           Act, with a non-Federal share requirement, and in-  
24           cluding funds from State, local, and private sources)

1 or in kind, fairly evaluated, including plant, equip-  
2 ment, or services.

3 **SEC. 302. APPLICATIONS.**

4 (a) IDENTIFICATION OF COMMUNITIES WITHIN  
5 LOCAL AREAS.—To develop the applications under sub-  
6 section (b) and enable the Secretary to make the selection  
7 described in subsection (c), the chief elected officials of  
8 the local areas in a State described in section 301(c) shall  
9 compile and analyze data in accordance with the require-  
10 ments applicable to Governors under section 202(c)(2).

11 (b) APPLICATION.—For a local area to be eligible to  
12 receive a grant under this section, the chief local official  
13 of the local area shall submit the application described in  
14 section 212.

15 (c) SELECTION PRIORITY AND CONSIDERATION.—In  
16 selecting local areas to receive grants under this section,  
17 the Secretary shall give priority to local areas described  
18 in section 202(c)(1)(A) and take into consideration the  
19 need of the local areas for the employment to be provided  
20 through the employment programs.

21 **SEC. 303. ADMINISTRATION.**

22 (a) IN GENERAL.—The chief elected officials of the  
23 local areas shall implement the employment programs in  
24 accordance with—

1           (1) the requirements applicable to local areas  
 2           and chief elected officials under subtitle B of title II,  
 3           including the requirements of section 216(b); and

4           (2) the provisions applicable to States and Gov-  
 5           ernors under sections 202(c)(2) and 214.

6           (b) REFERENCES.—For purposes of subsection (a),  
 7           references in the requirements described in subsection  
 8           (a)(1) (other than the provisions described in subsection  
 9           (a)(2)) to a State, Governor, or State entity shall be con-  
 10          sidered to be references to the Secretary.

11          (c) REGULATIONS.—The Secretary shall issue regula-  
 12          tions specifying the manner in which the requirements and  
 13          provisions described in subsection (a) shall apply to chief  
 14          elected officials under this title and the manner in which  
 15          the requirements of subtitle D of title II shall apply to  
 16          programs carried out under this title.

## 17 **TITLE IV—GRANTS TO INDIAN** 18 **TRIBES AND NATIVE HAWAI-** 19 **IAN ORGANIZATIONS FOR EM-** 20 **PLOYMENT PROGRAMS**

### 21 **SEC. 401. GRANTS.**

22          From the amounts appropriated under sections 104  
 23          and 234 for a fiscal year, the Secretary shall reserve not  
 24          more than 3 percent to make grants to Indian tribes and

1 Native Hawaiian organizations for development and imple-  
 2 mentation, respectively, of employment programs.

3 **SEC. 402. PLANS.**

4 To be eligible to receive a grant under section 401,  
 5 an Indian tribe or Native Hawaiian organization shall sub-  
 6 mit a plan to the Secretary at such time, in such manner,  
 7 and containing such information, as the Secretary may re-  
 8 quire.

9 **SEC. 403. REGULATIONS.**

10 The Secretary shall issue regulations specifying re-  
 11 quirements of title II that apply to Indian tribes and Na-  
 12 tive Hawaiian organizations receiving grants under section  
 13 401. Such requirements shall not include a non-program  
 14 share requirement.

15 **TITLE V—COMMUNITY DEVELOP-**  
 16 **MENT VENTURE CAPITAL**

17 **SEC. 501. COMMUNITY DEVELOPMENT VENTURE CAPITAL**  
 18 **ACTIVITIES**

19 (a) IN GENERAL.—The Administrator is authorized  
 20 to make grants to 1 or more intermediary organizations  
 21 to develop the capacity of community development venture  
 22 capital organizations.

23 (b) USE OF ASSISTANCE.—An intermediary organiza-  
 24 tion that receives a grant under subsection (a) may use  
 25 the funds made available through the grant to—

1           (1) provide training, education, support, peer  
2           exchanges, and advice to enhance the technical and  
3           administrative capacity of community development  
4           venture capital organizations;

5           (2) provide capacity building grants, operating  
6           support, and capital in the form of investments,  
7           loans, or grants, to enable community development  
8           venture capital organizations to provide financing  
9           to—

10                 (A) private businesses with enterprises  
11                 benefiting low-income communities, as defined  
12                 by the Administrator; or

13                 (B) entities carrying out community devel-  
14                 opment projects benefiting the communities;

15           (3) invest, in partnership with community de-  
16           velopment venture capital organizations, in such en-  
17           terprises or projects; and

18           (4) such other activities as may be determined  
19           to be appropriate by the organization in consultation  
20           with the Administrator.

21         (c) ALLOCATION OF ASSISTANCE.—The Adminis-  
22         trator shall ensure that not less than 25 percent of the  
23         funds made available under this section are made available  
24         to support activities described in subsection (b)(3).

1       (d) MATCHING REQUIREMENT.—No intermediary or-  
 2       ganization shall receive a grant under this section unless  
 3       that organization agrees that, with respect to the costs  
 4       to be incurred by the organization in carrying out the ac-  
 5       tivities for which the grant was awarded, the organization  
 6       will make available (directly or through donations from  
 7       public or private entities) non-Federal contributions in an  
 8       amount equal to not less than \$1 for every \$1 of Federal  
 9       funds provided under the grant. The non-Federal con-  
 10      tributions may be in cash or in kind, fairly evaluated, in-  
 11      cluding plant, equipment, or services.

12      (e) REQUIREMENTS.—The Administrator may issue  
 13      such requirements as may be necessary to carry out this  
 14      section. The requirements shall take effect on issuance.

15      (f) AUTHORIZATION OF APPROPRIATIONS.—There  
 16      are authorized to be appropriated to carry out this section  
 17      \$20,000,000 for fiscal years 1999 through 2002.

18      (g) DEFINITIONS.—

19           (1) ADMINISTRATOR.—The term “Adminis-  
 20      trator” means the Administrator of the Small Busi-  
 21      ness Administration.

22           (2) COMMUNITY DEVELOPMENT VENTURE CAP-  
 23      ITAL ORGANIZATION.—The term “community devel-  
 24      opment venture capital organization” means—

(A) a private nonprofit organization that has a primary mission of promoting community development in low-income communities, as defined by the Administrator, through investment in private business enterprises or community development projects; and

(B) administers or is in the process of establishing a community development venture capital fund for the purpose of making equity investments in private business enterprises or community development projects in such communities.

(3) INTERMEDIARY ORGANIZATION.—The term “intermediary organization” means a private, nonprofit entity that provides technical assistance or financial assistance to community development venture capital organizations, including organizations in the process of establishing community development venture capital funds.

## **TITLE VI—REVENUE PROVISIONS**

### **SEC. 601. DENIAL OF DEDUCTION FOR PAYMENTS OF EXCESSIVE COMPENSATION.**

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 (relating to deduction for trade or busi-

ness expenses) is amended by inserting after subsection  
(h) the following new subsection:

“(i) EXCESSIVE COMPENSATION.—

“(1) IN GENERAL.—No deduction shall be allowed under this chapter for any excessive compensation with respect to any full-time employee.

“(2) EXCESSIVE COMPENSATION.—For purposes of this subsection, the term ‘excessive compensation’ means, with respect to any employee, the amount by which—

“(A) the compensation for services performed by such employee during the taxable year, exceeds

“(B) an amount equal to 25 times the lowest compensation for services performed by any other full-time employee during such taxable year.

“(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

“(A) COMPENSATION.—

“(i) IN GENERAL.—The term ‘compensation’ means salary, wages, and bonuses.

“(ii) PART-YEAR EMPLOYEES.—In the case of any part-year employee, the com-



1                   pensation of the employee shall be com-  
2                   puted on an annualized basis.

3                   “(B) EMPLOYER.—All persons treated as a  
4                   single employer under subsection (a) or (b) of  
5                   section 52 or subsection (m) or (o) of section  
6                   414 shall be treated as 1 employer.”

7           (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to taxable years beginning after  
9 the date of the enactment of this Act.

10 **SEC. 602. REPEAL OF DEFERRAL FOR INCOME OF CON-**  
11 **TROLLED FOREIGN CORPORATIONS.**

12           (a) GENERAL RULE.—Section 952 of the Internal  
13 Revenue Code of 1986 is amended to read as follows:

14 **“SEC. 952. SUBPART F INCOME.**

15           “(a) GENERAL RULE.—For purposes of this subpart,  
16 the term ‘subpart F income’ means the earnings and prof-  
17 its of the controlled foreign corporation for the taxable  
18 year computed with the following adjustments:

19                   “(1) There shall be excluded the amount of the  
20 earnings and profits which are attributable to in-  
21 come from sources within the United States which  
22 is effectively connected with the conduct by the con-  
23 trolled foreign corporation of a trade or business  
24 within the United States, except to the extent such  
25 income is exempt from taxation (or subject to a re-

1       duced rate of tax) pursuant to a treaty obligation of  
2       the United States. For purposes of the preceding  
3       sentence, income described in paragraph (2) or (3)  
4       of section 921(d) shall be treated as derived from  
5       sources within the United States.

6           “(2) In determining earnings and profits (or  
7       the deficit in earnings and profits), the amount of  
8       any illegal bribe, kickback, or other payment (within  
9       the meaning of section 162(c)) shall not be taken  
10      into account to decrease such earnings and profits or  
11      to increase such deficit. The payments referred to in  
12      the preceding sentence are payments which would be  
13      unlawful under the Foreign Corrupt Practices Act of  
14      1977 if the payor were a United States person.

15          “(3) Under regulations prescribed by the Sec-  
16      retary, there shall be excluded the part of any earn-  
17      ings and profits if it is established to the satisfaction  
18      of the Secretary that such part could not have been  
19      distributed by the controlled foreign corporation to  
20      United States shareholders who own (within the  
21      meaning of section 958(a)) stock of such controlled  
22      foreign corporation because of currency or other re-  
23      strictions or limitations imposed under the laws of  
24      any foreign country.

1           “(4) Earnings and profits shall be determined  
 2           without regard to paragraphs (4), (5), and (6) of  
 3           section 312(n). Under regulations, the preceding  
 4           sentence shall not apply to the extent it would in-  
 5           crease earnings and profits by an amount which was  
 6           previously distributed by the controlled foreign cor-  
 7           poration.

8   Except as provided in this subsection and section  
 9   312(k)(4), the earnings and profits of any foreign corpora-  
 10   tion, and any deficit in earnings and profits of any foreign  
 11   corporation, for any taxable year shall be determined ac-  
 12   cording to rules similar to those applicable to domestic  
 13   corporations, under regulations prescribed by the Sec-  
 14   retary.

15       “(b) CERTAIN DEFICITS MAY BE TAKEN INTO AC-  
 16   COUNT.—

17           “(1) TREATMENT OF CERTAIN PRIOR YEAR  
 18       DEFICITS.—

19           “(A) IN GENERAL.—The amount included  
 20           in the gross income of any United States share-  
 21           holder under section 951(a)(1)(A)(i) for any  
 22           taxable year with respect to any controlled for-  
 23           eign corporation shall be reduced by the amount  
 24           of such shareholder’s pro rata share of any

1 qualified deficit of such controlled foreign cor-  
2 poration.

3 “(B) QUALIFIED DEFICIT.—For purposes  
4 of this paragraph—

5 “(i) IN GENERAL.—The term ‘quali-  
6 fied deficit’ means any deficit in the earn-  
7 ings and profits of the controlled foreign  
8 corporation for any prior taxable year  
9 which began after December 31, 1998, and  
10 for which such corporation was a con-  
11 trolled foreign corporation, but only to the  
12 extent such deficit has not previously been  
13 taken into account under this paragraph.

14 “(ii) SPECIAL RULE FOR DEFICITS  
15 BEFORE 1999.—The term ‘qualified deficit’  
16 includes any deficit in earnings and profits  
17 for any taxable year beginning before Jan-  
18 uary 1, 1999, to the extent that such defi-  
19 cit qualified as a qualified deficit under  
20 subsection (c)(1)(B) of this section (as in  
21 effect on the day before the date of the en-  
22 actment of the Strategic Transitional Em-  
23 ployment Act); except that any such deficit  
24 may be taken into account under this para-  
25 graph only to offset amounts attributable

1 to the same activity as the activity giving  
2 rise to such deficit.

3 “(C) PRO RATA SHARE.—For purposes of  
4 this paragraph, the shareholder’s pro rata share  
5 of any deficit shall be determined under rules  
6 similar to the rules of section 951(a)(2) for  
7 whichever of the following yields the smallest  
8 share:

9 “(i) the close of the taxable year, or  
10 “(ii) the close of the taxable year in  
11 which the deficit arose.

12 “(2) CERTAIN DEFICITS OF MEMBER OF THE  
13 SAME CHAIN OF CORPORATIONS MAY BE TAKEN  
14 INTO ACCOUNT.—

15 “(A) IN GENERAL.—A controlled foreign  
16 corporation may elect to reduce the amount of  
17 its subpart F income for any taxable year by  
18 the amount of any deficit in earnings and prof-  
19 its of a qualified chain member for a taxable  
20 year ending with (or within) the taxable year of  
21 such controlled foreign corporation. To the ex-  
22 tent any deficit reduces subpart F income  
23 under the preceding sentence, such deficit shall  
24 not be taken into account under paragraph (1).

“(B) QUALIFIED CHAIN MEMBER.—For purposes of this paragraph, the term ‘qualified chain member’ means, with respect to any controlled foreign corporation, any other corporation which is created or organized under the laws of the same foreign country as the controlled foreign corporation but only if—

“(i) all the stock of such other corporation (other than directors’ qualifying shares) is owned at all times during the taxable year in which the deficit arose (directly or through 1 or more corporations other than the common parent) by such controlled foreign corporation, or

“(ii) all the stock of such controlled foreign corporation (other than directors’ qualifying shares) is owned at all times during the taxable year in which the deficit arose (directly or through 1 or more corporations other than the common parent) by such other corporation.

“(C) COORDINATION.—This paragraph shall be applied after paragraph (1).

“(3) DETERMINATION OF DEFICIT.—In determining the amount of any deficit in earnings and

1 profits, the adjustments set forth in subsection (a)  
 2 shall apply.”

3 (b) SPECIAL RULES FOR INSURANCE COMPANIES.—  
 4 Section 953 of the Internal Revenue Code of 1986 is  
 5 amended by striking “section 952(a)(1)” in subsection (a)  
 6 and inserting “this section”.

7 (c) REPEAL OF FOREIGN BASE COMPANY INCOME.—  
 8 Section 954 of the Internal Revenue Code of 1986 is here-  
 9 by repealed.

10 (d) REPEAL OF EXPORT TRADE CORPORATION PRO-  
 11 VISIONS.—Subpart G of part III of subchapter N of chap-  
 12 ter 1 of the Internal Revenue Code of 1986 (relating to  
 13 export trade corporations) is hereby repealed.

14 (e) CONFORMING AMENDMENTS TO SUBPART F.—

15 (1) Subparagraph (A) of section 955(a)(1) of  
 16 the Internal Revenue Code of 1986 is amended by  
 17 inserting “(as in effect for taxable years beginning  
 18 before 1999)” after “section 954(b)(2)”.

19 (2) Subsection (b) of section 955 of such Code  
 20 is amended by striking “within the meaning of sec-  
 21 tion 954(d)(3)” and inserting “within the meaning  
 22 of section 964(a)”.

23 (3) Paragraph (2) of section 956(c) of such  
 24 Code is amended by inserting “(as in effect on the  
 25 day before the date of the enactment of the Strate-

1       gie Transitional Employment Program Act) or under  
 2       section 952(a)(1)” after “section 952(b)” in sub-  
 3       paragraph (H).

4           (4) Subsection (b) of section 958 of such Code  
 5       is amended—

6           (A) by striking “954(d)(3), 956(b)(2), and  
 7       957” and inserting “956(b)(2), 957, and  
 8       964(a)”, and

9           (B) by striking “954(d)(3)” the second  
 10      place it appears and inserting “964(a)”.

11          (5) Subsection (b) of section 959 of such Code  
 12      is amended by striking “be also included in the gross  
 13      income” and inserting “be also included in the sub-  
 14      part F income”.

15          (6) Subsection (a) of section 964 of such Code  
 16      is amended to read as follows:

17      “(a) RELATED PERSON.—For purposes of this part,  
 18      a person is a related person with respect to a controlled  
 19      foreign corporation, if—

20           “(1) such person is an individual, corporation,  
 21      partnership, trust, or estate which controls, or is  
 22      controlled by, the controlled foreign corporation, or

23           “(2) such person is a corporation, partnership,  
 24      trust, or estate which is controlled by the same per-



1       son or persons which control the controlled foreign  
2       corporation.

3   For purposes of the preceding sentence, control means,  
4   with respect to a corporation, the ownership, directly or  
5   indirectly, of stock possessing more than 50 percent of the  
6   total voting power of all classes of stock entitled to vote  
7   or of the total value of stock of such corporation. In the  
8   case of a partnership, trust, or estate, control means the  
9   ownership, directly or indirectly, more than 50 percent (by  
10   value) of the beneficial interests in such partnership, trust,  
11   or estate. For purposes of this paragraph, rules similar  
12   to the rules of section 958 shall apply.”

13           (7) Section 964 of such Code is amended by  
14       striking subsection (b).

15           (8) The table of sections for subpart F of part  
16       III of subchapter N of chapter 1 of such Code is  
17       amended by striking the item relating to section  
18       954.

19       (f) OTHER CONFORMING AMENDMENTS.—

20           (1) Paragraph (2) of section 552(c) of the In-  
21       ternal Revenue Code of 1986 is amended—

22                   (A) by amending subparagraph (A) to read  
23       as follows:

24                           “(A) is received from a related person  
25       which (i) is a corporation created or organized

1 under the laws of the same foreign country  
2 under the laws of which the foreign corporation  
3 involved was created or organized, and (ii) has  
4 a substantial part of its assets used in its trade  
5 or business located in such same foreign coun-  
6 try, and”, and

7 (B) by striking “954(d)(3)” and inserting  
8 “964(a)”.

9 (2) Subparagraph (B) of section 861(c)(2) of  
10 such Code is amended by striking “954(d)(3)” and  
11 inserting “964(a)”.

12 (3) Subparagraph (A) of section 864(d)(5) of  
13 such Code is amended by striking clauses (ii), (iii),  
14 and (iv).

15 (4) Subparagraph (A) of section 881(c)(4) of  
16 such Code is hereby repealed.

17 (5) Clause (i) of section 904(d)(2)(A) is amend-  
18 ed by inserting “, as in effect on the day before the  
19 date of the enactment of the Strategic Transitional  
20 Employment Act,” after “section 954(c)”.

21 (6) Subparagraph (D) of section 904(d)(2) is  
22 amended—

23 (A) by inserting “, as in effect on the day  
24 before the date of the enactment of the Strate-

1           gic Transitional Employment Act,” after  
2           “954(f)”, and

3                   (B) by inserting “or passive income” be-  
4           fore the period at the end thereof.

5           (7) Subparagraph (H) of section 904(d)(2) is  
6           amended by striking “954(d)(3)” and inserting  
7           “964(a)”.

8           (8) Subparagraph (E) of section 904(d)(3) is  
9           hereby repealed.

10           (9) Subparagraph (C) of section 988(a)(3) is  
11           amended by striking “954(d)(3)” and inserting  
12           “964(a)”.

13           (10) Subsection (c) of section 999 is amend-  
14           ed—

15                   (A) by striking “, 952(a)(3),” in para-  
16           graph (1), and

17                   (B) by striking “, the addition to subpart  
18           F income under section 952(a)(3),” in para-  
19           graph (2).

20           (11) The table of subparts for part III of sub-  
21           chapter M of chapter 1 is amended by striking the  
22           item relating to subpart G.

23           (g) EFFECTIVE DATE.—The amendments made by  
24           this section shall apply to taxable years of controlled for-  
25           eign corporations beginning after December 31, 1998, and

1 to the taxable years of United States shareholders with  
2 which (or in which) such taxable years of controlled for-  
3 eign corporations end.

4 **SEC. 603. DEDICATION OF CORPORATE TAX BENEFITS TO**  
5 **STEP.**

6 It is the sense of the Senate that any additional sums  
7 necessary for the implementation of this Act not already  
8 offset by the provisions of sections 601 and 602 should  
9 be offset by reductions in the exclusion of income of For-  
10 eign Sales Corporations under sections 921 through 927  
11 and sections 991 through 997 of the Internal Revenue  
12 Code of 1986.

○